



Second Quarter 2018 Earnings Teleconference

July 31, 2018

CONTENTS

Q2 2018 Summary

2018 Guidance

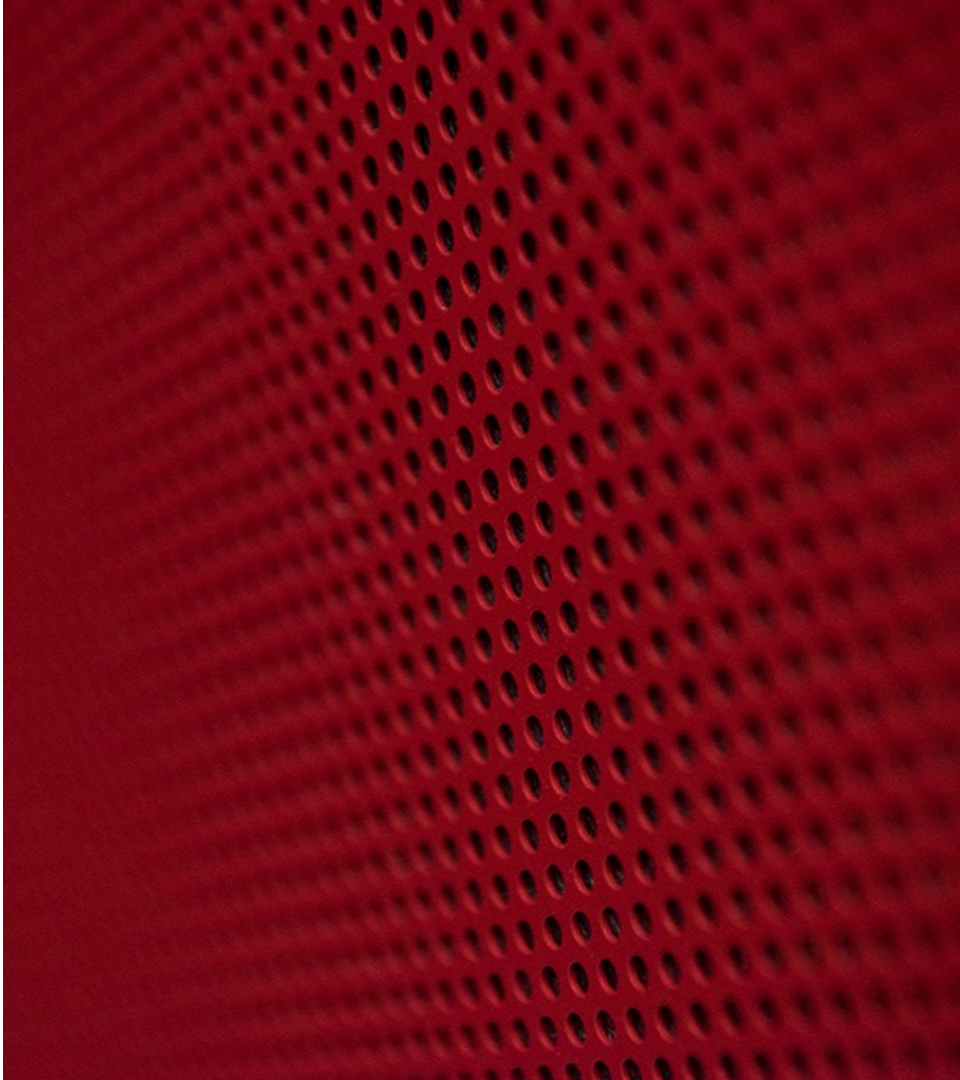
Q2 2018 Supplemental Information

Appendix

Disclosure Regarding Forward-Looking Statements

Information provided in this release that is not purely historical are forward-looking statements within the meaning of the Private Securities Litigation Reform Act of 1995, including statements regarding our forecasts, guidance, Preliminary results, expectations, hopes, beliefs and intentions on strategies regarding the future. These forward looking statements include, without limitation, statements relating to our plans and expectations for our revenues and EBITDA percentage for the full year of 2018. Our actual future results could differ materially from those projected in such forward-looking statements because of a number of factors, including, but not limited to: (i) a sustained slowdown or significant downturn in our markets; (ii) our truck manufacturing and OEM customers discontinuing outsourcing their engine needs; (iii) the development of new technologies; (iv) the discovery of any significant additional problems with our engine platforms or aftertreatment systems in North America; (v) performance or safety-related recalls; (vi) lower than anticipated market acceptance of our new or existing products or services; (vii) a slowdown in infrastructure development and/or depressed commodity prices; (viii) unpredictability in the adoption, implementation and enforcement of increasingly stringent emissions standards around the world; (ix) our reliance on significant earnings from investees that we do not directly control; (x) the adoption and impact of new tax legislation; (xi) potential security breaches or other disruptions to our information technology systems and data security; (xii) financial distress or a change-in-control of one of our large truck OEM customers; (xiii) our pursuit of strategic acquisitions and divestitures; and (xiv) other risks detailed from time to time in our Securities and Exchange Commission filings, particularly in the Risk Factors section of our 2017 Annual Report on Form 10-K. Shareholders, potential investors and other readers are urged to consider these factors carefully in evaluating the forward-looking statements and are cautioned not to place undue reliance on such forward-looking statements. The forward-looking statements made herein are made only as of the date of this press release and we undertake no obligation to publicly update any forward-looking statements, whether as a result of new information, future events or otherwise. More detailed information about factors that may affect our performance may be found in our filings with the Securities and Exchange Commission, which are available at <http://www.sec.gov> or at <http://www.cummins.com> in the Investor Relations section of our website.

Q2 2018 Summary



Q2 2018 Summary

- **Second quarter revenues of \$6.1 billion**
- **GAAP¹ Net Income of \$545 million and Diluted EPS of \$3.32**
- **EBITDA of \$0.9 billion or 14.6 percent of sales**
- **Full year revenues expected to increase 15 to 17 percent**
- **EBITDA is expected to be in the range of 14.8 to 15.2 percent of sales**
- **The Company finalized its plans for a previously disclosed product campaign, resulting in a charge of \$181 million or \$0.85 per diluted share in the second quarter**
 - **The cost of the campaign was shared between the Engine Segment (\$91m) and the Components Segment (\$90m)**

¹Generally Accepted Accounting Principles

Cummins Inc.

Selected Financial Data - Quarter

\$ MILLIONS	Q2 2018	Q2 2017
Sales	6,132	5,078
Gross Margin (% of Sales) ¹	23.5%	24.6%
SAR (% of Sales) ¹	13.6%	15.4%
EBITDA	897	764
EBITDA (% of Sales)	14.6%	15.0%
GAAP Net Income attributable to Cummins Inc.	545	424
GAAP Net Income (% of Sales)	8.9%	8.3%
Diluted EPS	\$3.32	\$2.53
Dividend Per Share	\$1.08	\$1.025
ROANA (LTM) ²	32%	30%
ROIC (LTM) ²	18%	16%

¹On January 1, 2018, we adopted the new pension and other postretirement benefit costs accounting standard and revised our second quarter of 2017 Condensed Consolidated Statements of Income by lowering cost of sales by \$2 million, increasing selling, general and administrative expenses by \$10 million, increasing research, development and engineering expenses by \$1 million and increasing non-operating other income, net by \$9 million.

² Q2 2018 ROANA (LTM) and ROIC (LTM) calculations exclude the Q4 2017 and Q1 2018 discrete tax charges related to the Tax Cuts and Jobs Act.

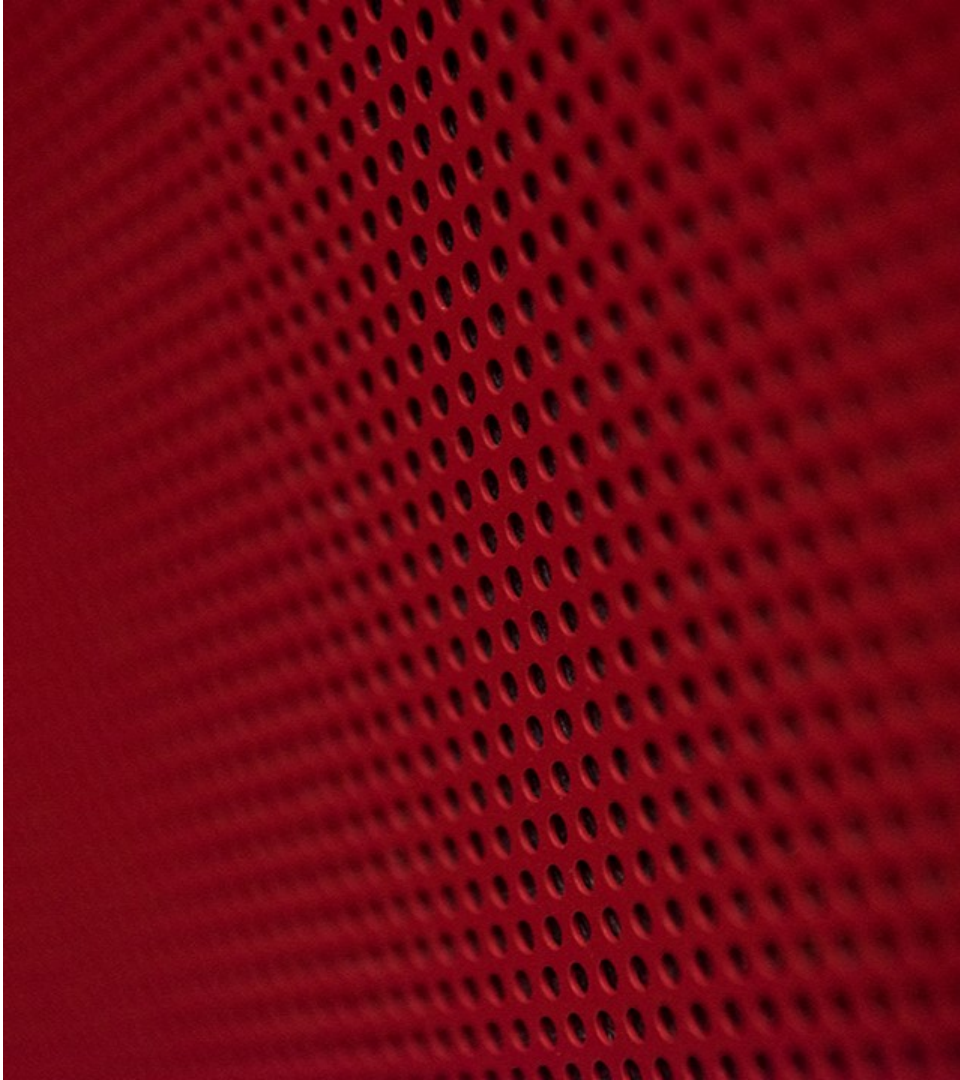
Q2 2018 Income Statement by Segment

\$M	Engine	Distribution	Components	Power Systems	Electrified Power ¹	Intersegment Eliminations	Total
Three months ended July 1, 2018							
Net Sales	2,696	1,994	1,887	1,246	1	(1,692)	6,132
<i>Sales growth vs Q2'17</i>	17%	16%	30%	23%		19%	21%
EBITDA	362	145	237	186	(21)	(12)	897
Segment EBITDA %	13.4%	7.3%	12.6%	14.9%	NM ²		14.6%
Three months ended July 2, 2017							
Net Sales	2,307	1,722	1,454	1,017	—	(1,422)	5,078
EBITDA	323	127	228	90	—	(4)	764
Segment EBITDA %	14.0%	7.4%	15.7%	8.8%	—		15.0%

¹We formed the Electrified Power Segment effective January 1, 2018.

²"NM" - not meaningful information

2018 Guidance



Guidance for 2018 Consolidated Results

ITEM	FULL YEAR GUIDANCE
Consolidated Revenue	Up 15 to 17%
Earnings from JVs ¹	Flat
EBITDA Margin	14.8 to 15.2%
Depreciation & Amortization	\$610 to \$625 M
Effective Tax Rate ²	23.0%
Capital Expenditures	\$730 to \$760 M
Global Pension Funding	\$38 M
Interest Expense	\$110 M

¹ 2018 guidance for JV earnings is relative to 2017 JV earnings excluding the \$39 million tax charges related to the Tax Cuts and Jobs Act.

² Excluding discrete income tax items

Guidance for 2018 Segment Results

ITEM	ENGINE	DISTRIBUTION	COMPONENTS*	POWER SYSTEMS	ELECTRIFIED POWER
Consolidated Revenue Growth	Up 17 to 19%	Up 9 to 11%	Up 23 to 25%	Up 15 to 17%	\$5M to \$10M
2018 EBITDA Margins (% of Revenue)	13.25 to 13.75%	7.0 to 7.5%	14.0 to 14.5%	13.5 to 14.0%	(\$80M) to (\$60M)
2017 EBITDA Margins ¹ (% of Revenue)	13.0%	7.1%	15.8%	10.1%	N/A

¹2017 EBITDA excludes the impact of recent tax legislation that reduced Engine Segment EBITDA by \$23 million, Components Segment EBITDA by \$12 million, and Distribution Segment EBITDA by \$4 million.

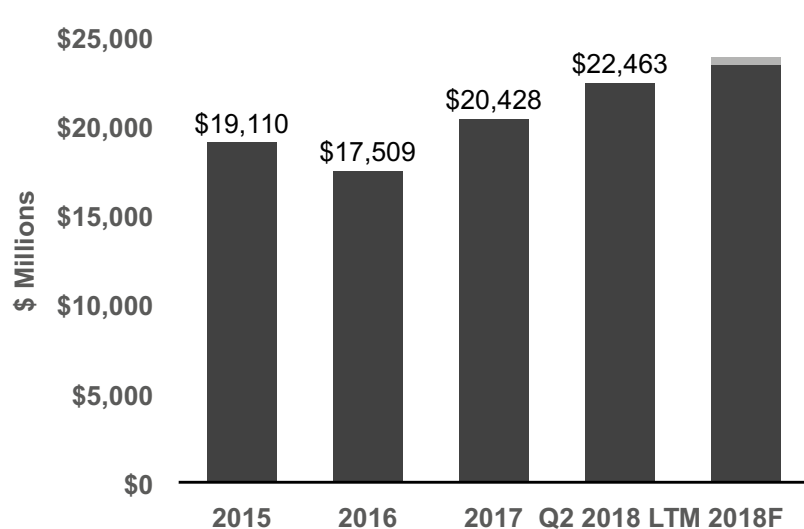
*Components 2018 revenue and EBITDA margin guidance includes Eaton Cummins Joint Venture revenue of \$480 million and net EBITDA loss of \$30 million.

Key On-Highway Engine Markets - 2018

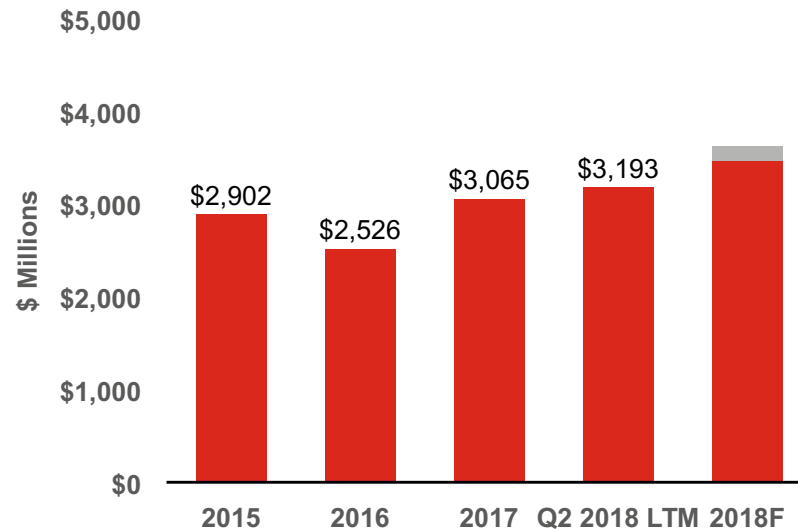
KEY MARKET	2017 Actual	2018 Forecast	CHANGE Market Size
Heavy Duty Truck - NAFTA Class 8, Group 2 - Production	221K units	286K units	Up 29%
Medium Duty Truck - NAFTA Class 6-7, and Class 8 Group 1 - Production	118K units	133K units	Up 13%
Heavy & Medium Truck - China Sales	1,346K units	1,335K units	Down 1%
Heavy & Medium Truck - India Production	327K units	375K units	Up 15%
Heavy & Medium Truck - Brazil Production	83K units	100K units	Up 20%

Cummins Inc.

Sales



EBITDA¹



2018 Guidance

Sales Up 15 to 17%

EBITDA 14.8 to 15.2%

¹2015 EBITDA excludes \$211 million of impairment of light-duty diesel assets and \$90 million of restructuring actions and other charges. Q4'17 EBITDA excludes \$39 million of tax charges related to the Tax Cuts and Jobs Act.

A vertical red bar with a perforated texture occupies the left side of the slide. The perforations are small, dark, oval-shaped holes arranged in a grid pattern that tapers towards the right.

Q2 2018 Supplemental Information

Engine Segment Selected Financial Data

- Sales increased due to a 16% increase in on-highway revenues and a 20% increase in off-highway revenues.
- EBITDA increased due to stronger volumes and higher contribution from joint ventures, which were partially offset by a \$91 million charge for a product campaign.

\$ MILLIONS	Q2 2018	Q2 2017	CHANGE
Sales	2,696	2,307	+17%
EBITDA	362	323	+12%
EBITDA (% of Sales)	13.4%	14.0%	

Engine Segment - Sales by Market

- On-highway revenues increased primarily due to higher industry production and market share gains in the medium and heavy-duty truck markets in North America.
- Off-highway revenues increased as a result of strong demand for construction equipment, led by North America and China.

\$ MILLIONS	Q2 2018	Q2 2017	CHANGE
Heavy-Duty Truck	920	714	+29%
Medium-Duty Truck & Bus	777	701	+11%
Light-Duty Automotive	444	429	+3%
On-Highway	2,141	1,844	+16%
Off-Highway	555	463	+20%
Total Sales	2,696	2,307	+17%

Distribution Segment Selected Financial Data

- Sales increased primarily due to stronger demand in North America for new engines and parts & services, as well as favorable pricing.
- EBITDA margin as a percent of sales declined slightly due to a lower mix of parts sales.

\$ MILLIONS	Q2 2018	Q2 2017	CHANGE
Sales	1,994	1,722	+16%
EBITDA	145	127	+14%
EBITDA (% of Sales)	7.3%	7.4%	

Components Segment Selected Financial Data

- North America sales increased 36% due to higher truck production and the inclusion of Eaton Cummins Automated Transmission Joint Venture revenues. International sales increased 22% primarily due to strong growth in Europe and India.
- EBITDA increased due to higher sales and favorable material costs which were partially offset by a \$90 million charge for a product campaign.

\$ MILLIONS	Q2 2018	Q2 2017	CHANGE
Sales	1,887	1,454	+30%
EBITDA	237	228	+4%
EBITDA (% of Sales)	12.6%	15.7%	

Power Systems Segment Selected Financial Data

- Industrial revenue increased 37% primarily due to increased demand in global mining and North American oil & gas markets. Power generation sales increased 17% due to stronger demand in North America and China.
- EBITDA margin increased primarily due to higher volumes, favorable material costs and higher joint venture earnings.

\$ MILLIONS	Q2 2018	Q2 2017	CHANGE
Sales	1,246	1,017	+23%
EBITDA	186	90	+107%
EBITDA (% of Sales)	14.9%	8.8%	

Electrified Power Segment¹

Selected Financial Data

- EBITDA losses were \$21 million for the quarter driven by investment in new products.

\$ MILLIONS	Q2 2018
Sales	1
EBITDA	(21)
EBITDA (% of Sales)	NM ²

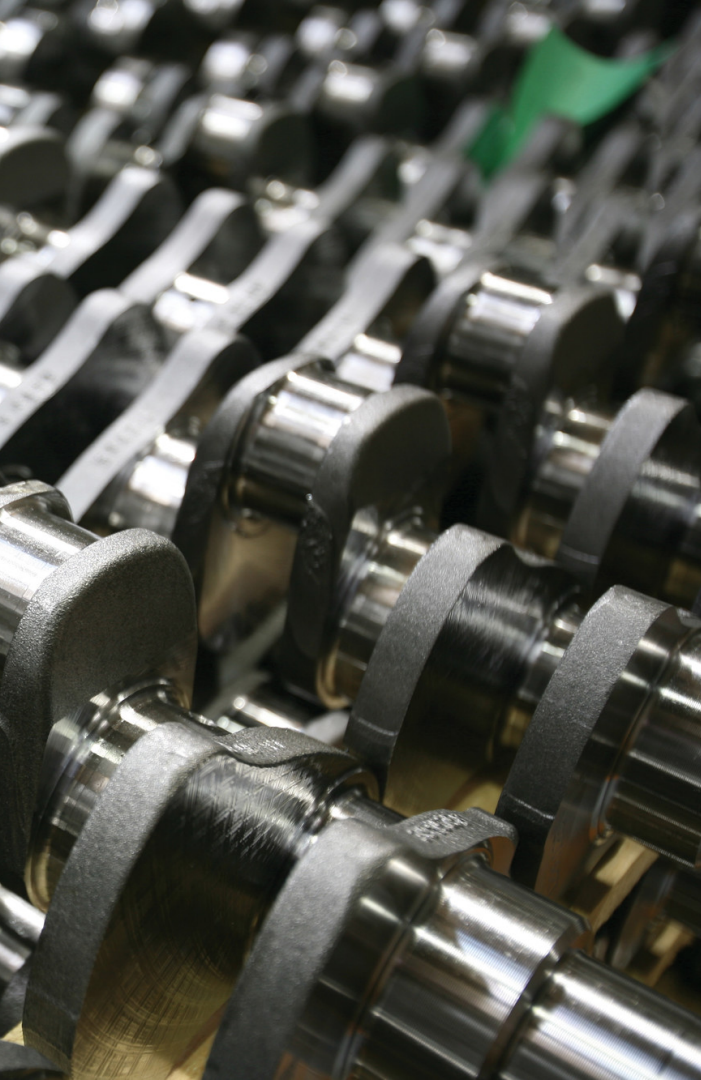
¹We formed the Electrified Power Segment effective January 1, 2018.

²"NM" - not meaningful information



Joint Venture Income - Quarter

\$ MILLIONS	Q2 2018	Q2 2017
Engine	67	56
Distribution	11	13
Components	14	15
Power Systems	18	14
Electrified Power	—	—
Total JV Income	110	98



Cash Flow - Quarter

\$ MILLIONS	Q2 2018	Q2 2017
Operating Cash Flow	590	447
Capital Expenditures	114	101
Working Capital Measure	4,673	4,235
Working Capital Measure (% of Net Sales)	19.1%	20.8%
Debt to Capital %	23.1%	18.7%

Appendix



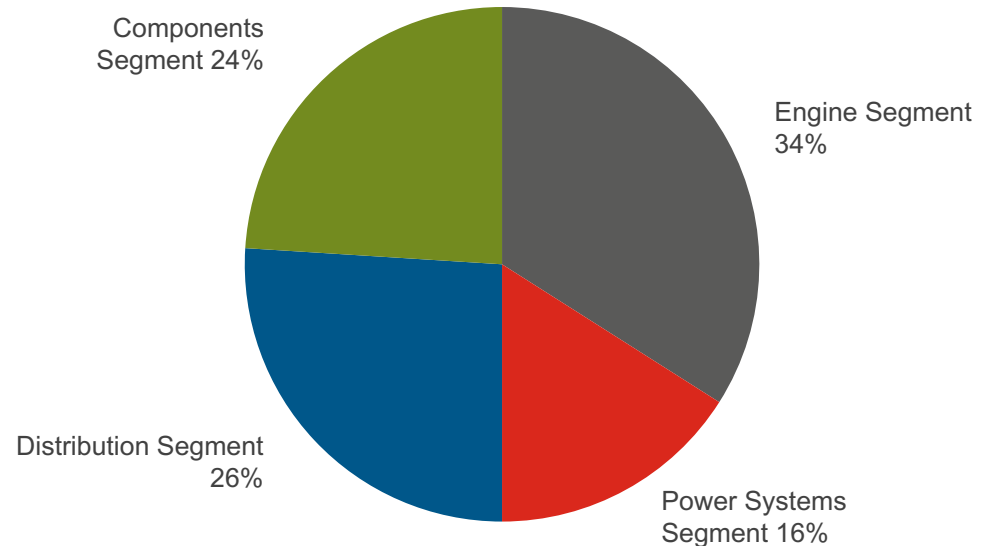
Cummins Inc.

- Strong product portfolio and global partners
- Macro growth trends play to Cummins' strengths
- Disciplined investment for growth
- Demonstrated technology leadership

Q2 2018 LTM Results

Sales:	\$22.5 billion
EBITDA ¹ :	\$3.2 billion
EBITDA%:	14.2%

Q2 2018 LTM Revenue by Segment

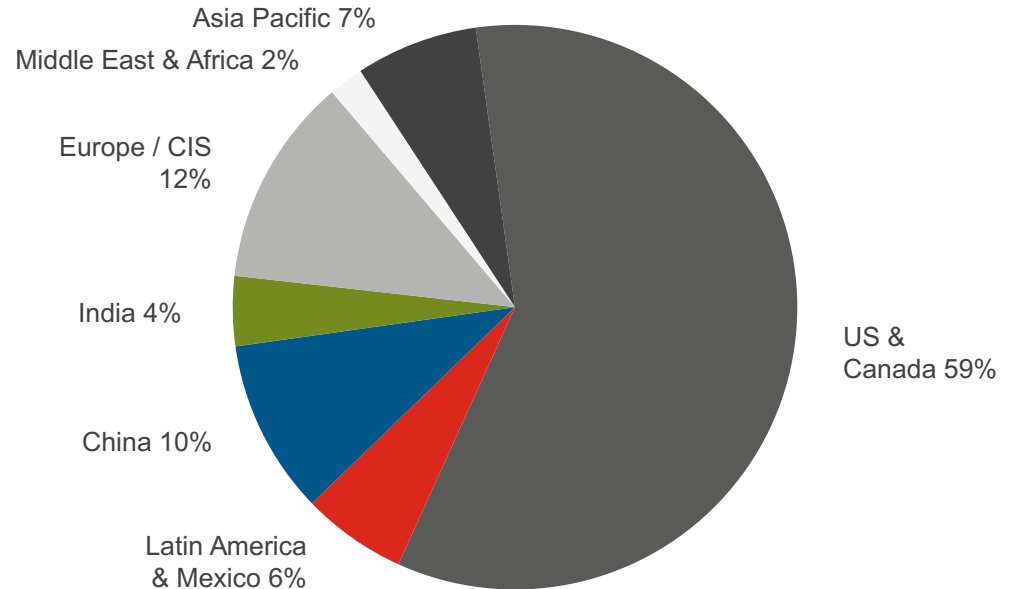


¹Q4'17 EBITDA excludes \$39 million of tax charges related to the Tax Cuts and Jobs Act.

Cummins Inc.

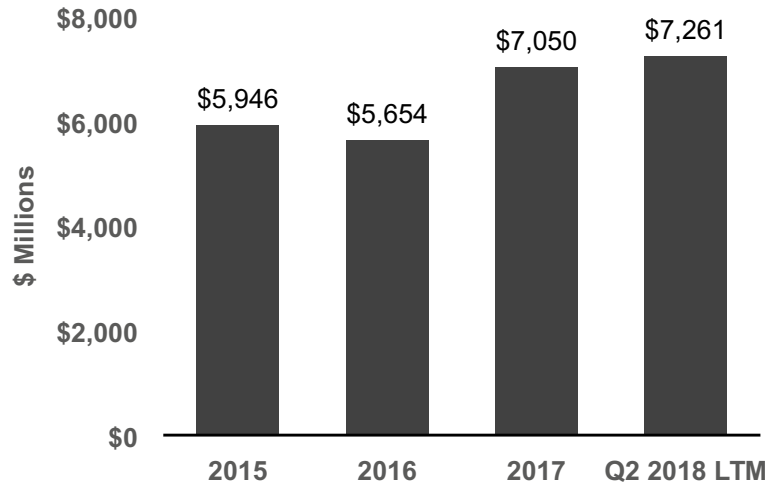
- Capitalizing on global emissions regulations
- Strong geographic diversification and leadership across multiple end-markets
- Global distribution network with presence in more than 190 countries and territories

Q2 2018 LTM Revenue by Marketing Territory



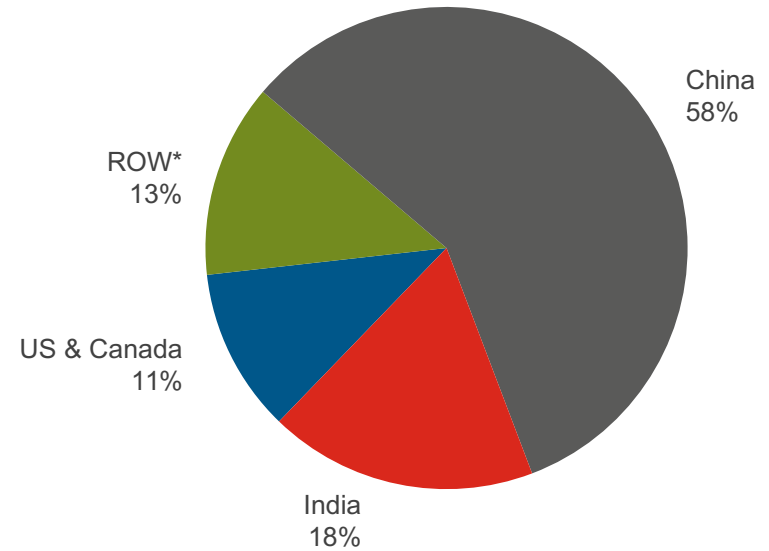
Cummins - Joint Venture Sales Unconsolidated

- Increased demand in China for off-highway equipment and commercial vehicles is the primary driver of the increase in revenues.



* Rest of world

Q2 2018 LTM Revenue



Engine Segment - Overview

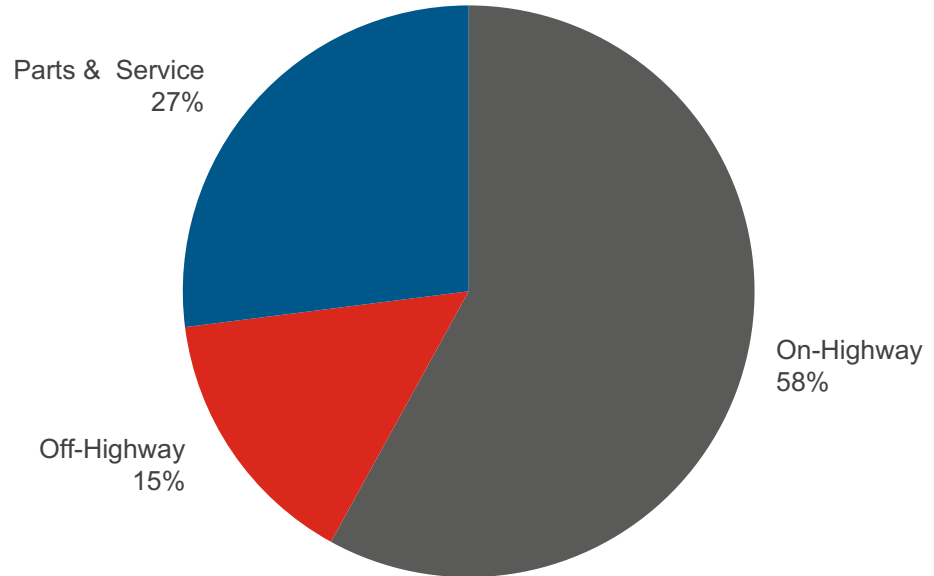
- Diesel and natural gas engines from 2.8L to 15L and 48 hp to 715 hp
- Long-term engine supply agreements with key customers to stabilize pricing and to jointly engineer better integrated vehicles to market
- Leading market share in multiple end-markets and geographies

Q2 2018 LTM Results

Sales:	\$9.8 billion
EBITDA ¹ :	\$1.2 billion
EBITDA%:	12.5%

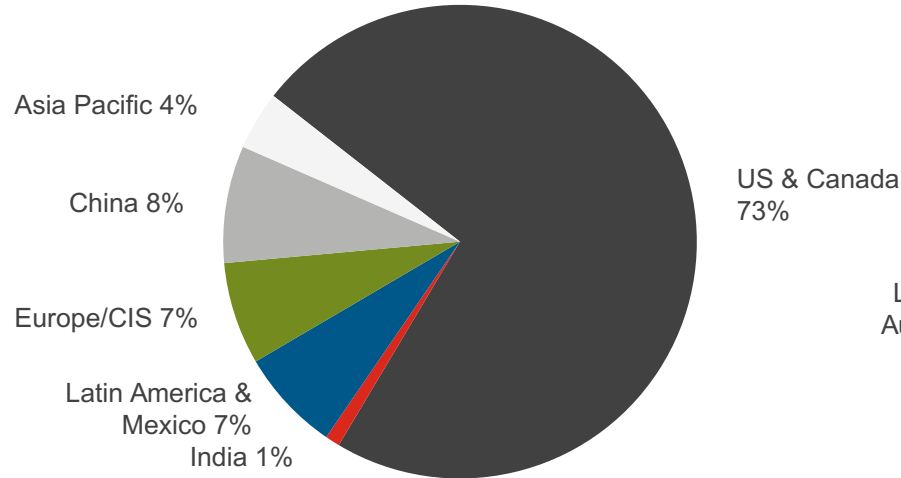
¹Q4'17 EBITDA excludes \$23 million of tax charges related to the Tax Cuts and Jobs Act.

Q2 2018 LTM Revenue by Product

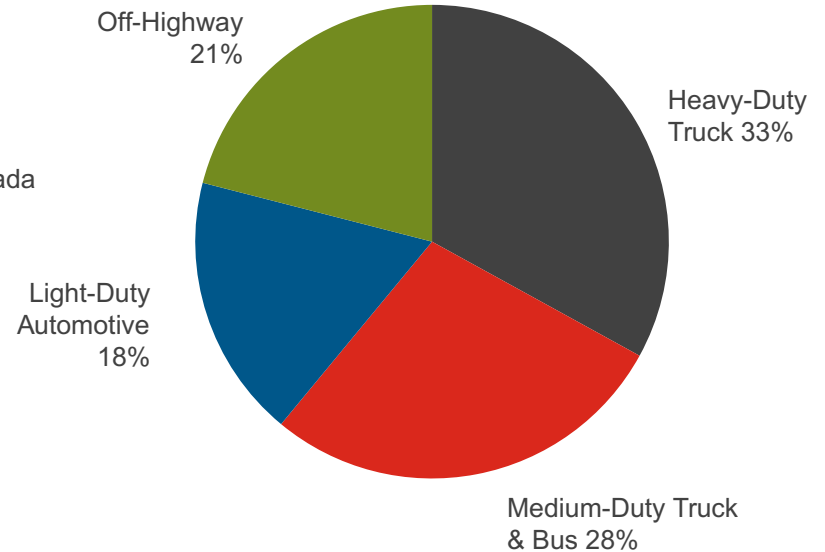


Engine Segment - Sales Mix

By Region



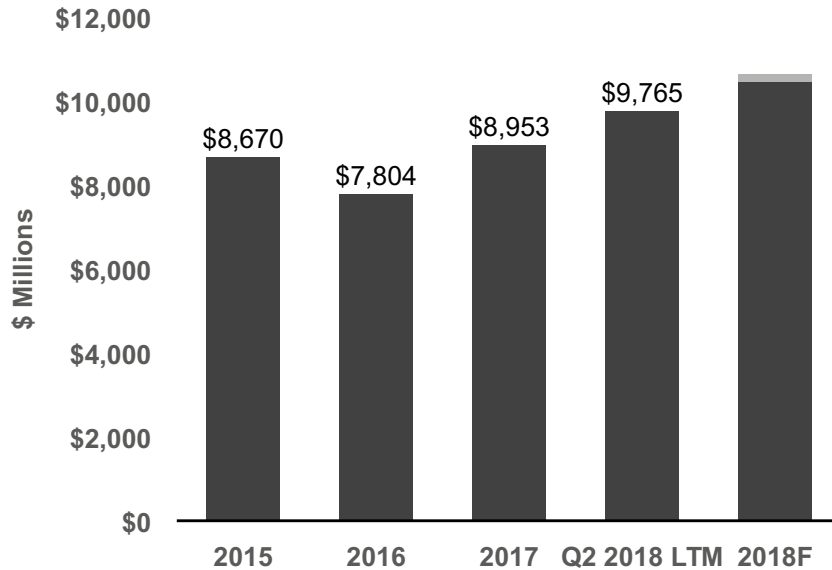
By Application



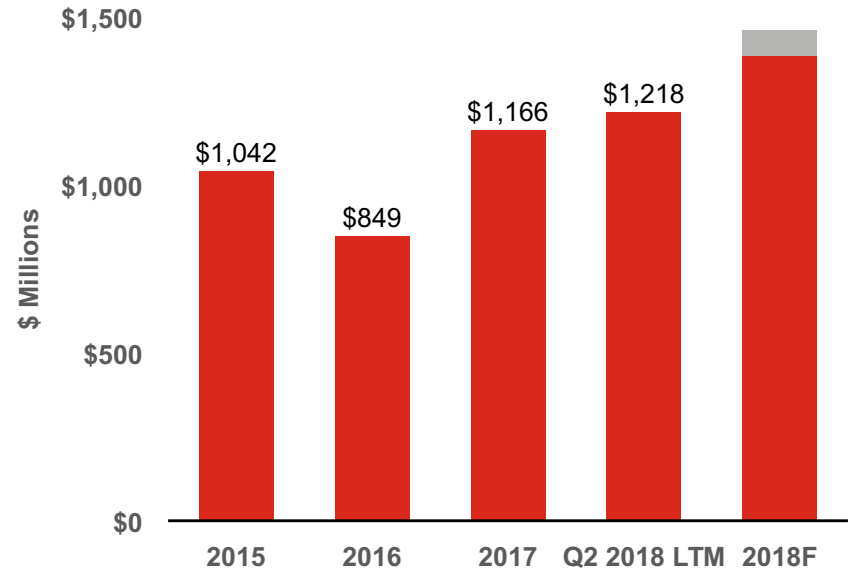
Q2 2018 LTM Revenue: \$9.8 billion

Engine Segment - Historical Performance

Segment Sales



Segment EBITDA¹



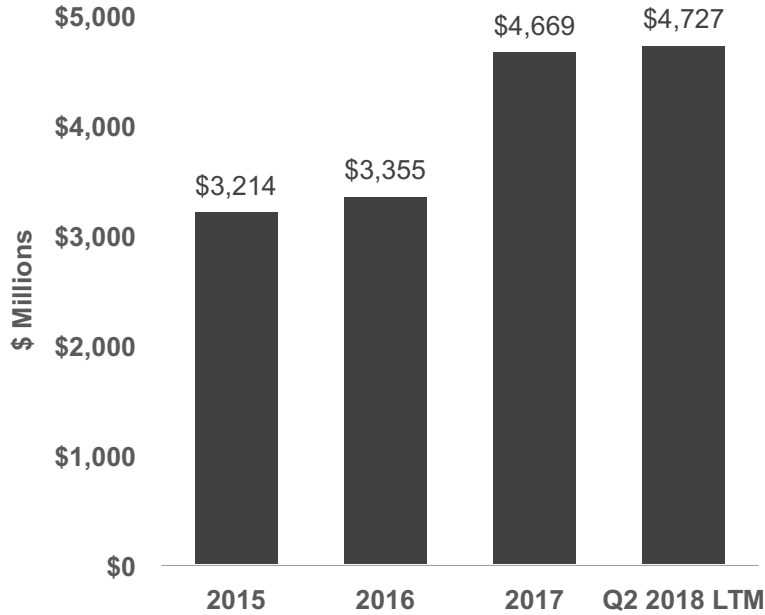
2018 Guidance

Sales Up 17 to 19%

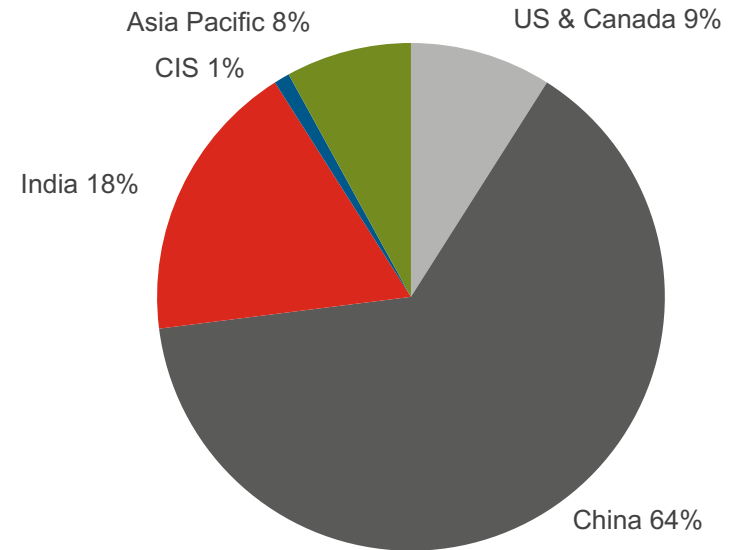
EBITDA 13.25 to 13.75%

¹ 2015 EBITDA excludes \$202 million of impairment of light-duty diesel assets and \$17 million of restructuring actions and other charges. Q4'17 EBITDA excludes \$23 million of tax charges related to the Tax Cuts and Jobs Act.

Engine Segment - Joint Venture Sales Unconsolidated



Q2 2018 LTM Revenue



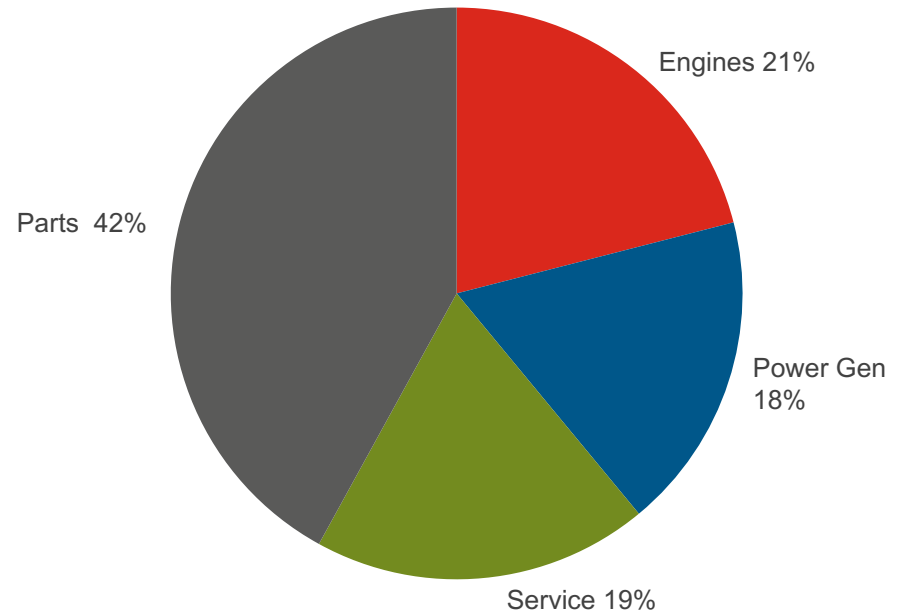
Distribution Segment - Overview

- Provide aftermarket support and increase solution-based revenue
- 100% ownership of our North American distributors
- Increasing network capabilities in emerging markets to capture profitable growth

Q2 2018 LTM Results

Sales:	\$7.5 billion
EBITDA ¹ :	\$515 million
EBITDA%:	6.8%

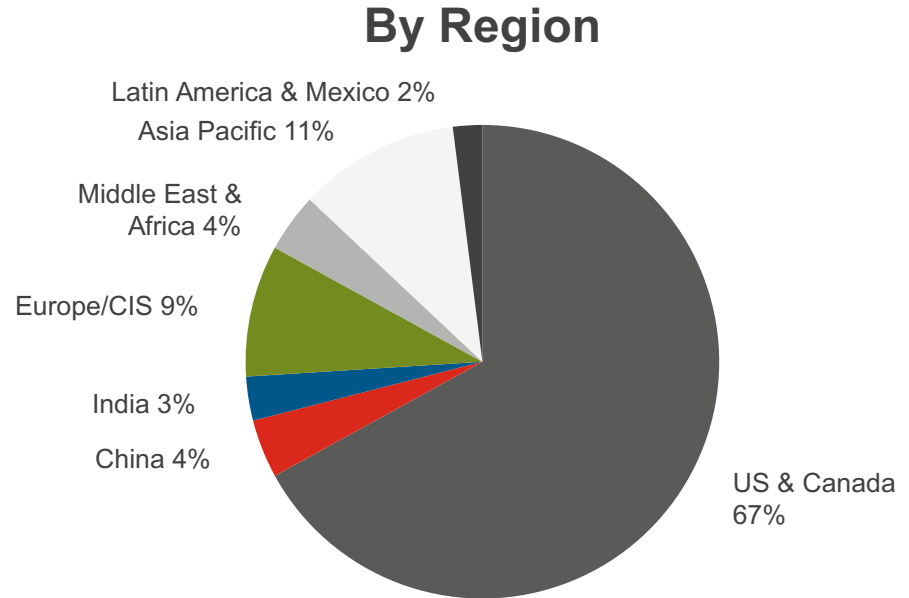
Q2 2018 LTM Revenue by Product



¹Q4'17 EBITDA excludes \$4 million of tax charges related to the Tax Cuts and Jobs Act.

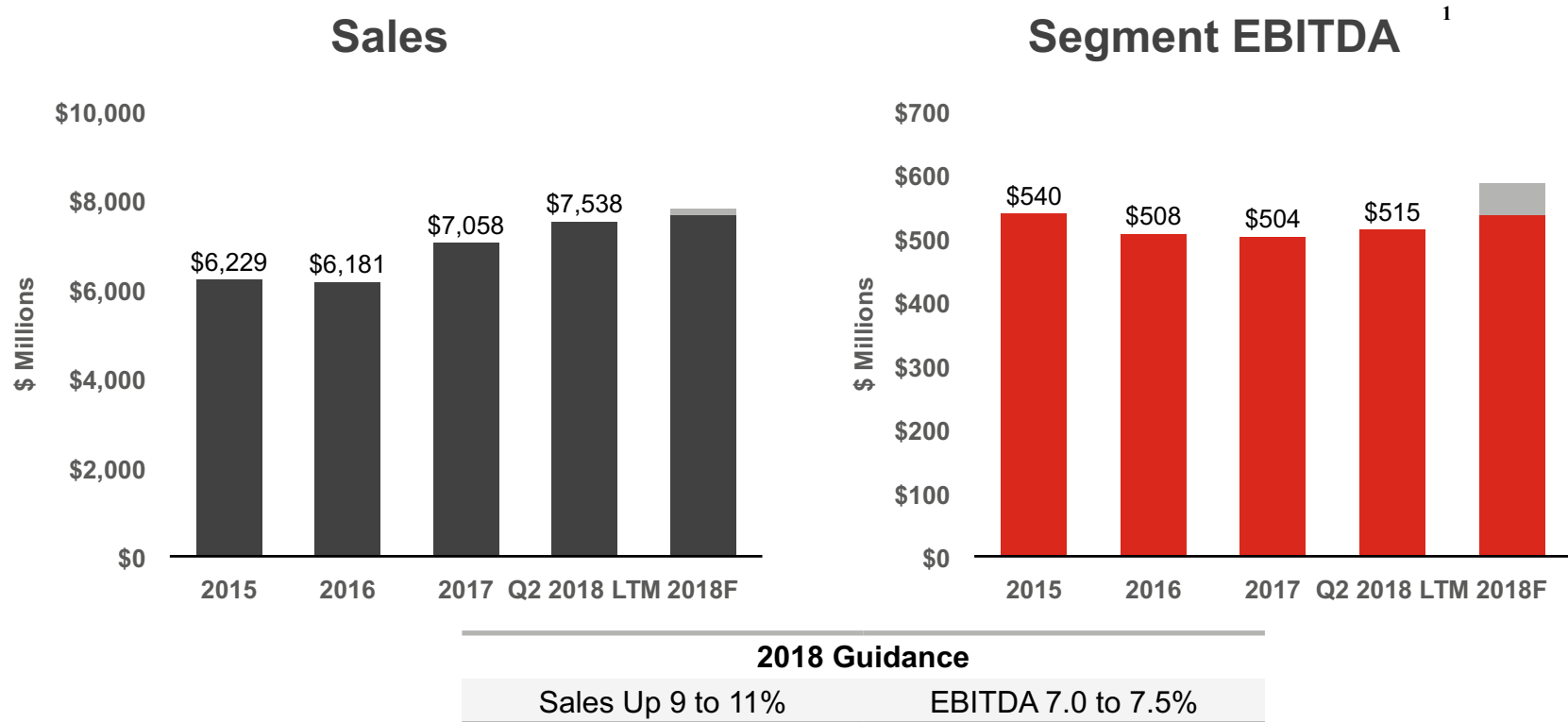
Distribution Segment - Sales Mix

- Key enabler for Cummins growth
- Benefiting from increased population of product in the field



Q2 2018 LTM Revenue: \$7.5 billion

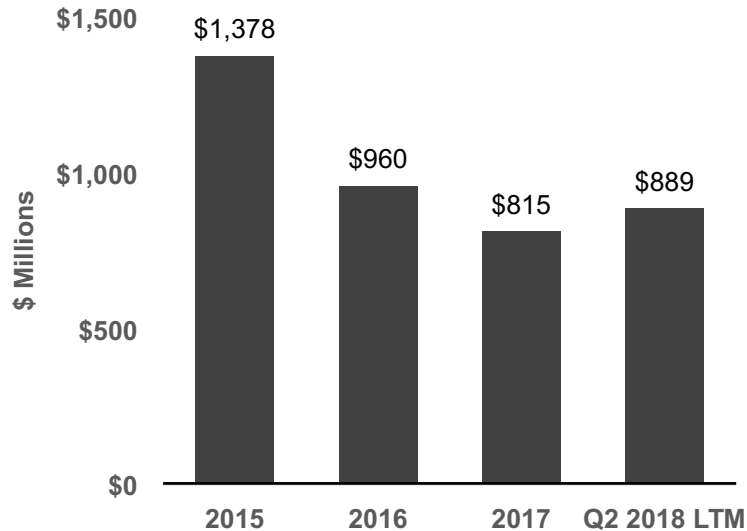
Distribution Segment - Historical Performance



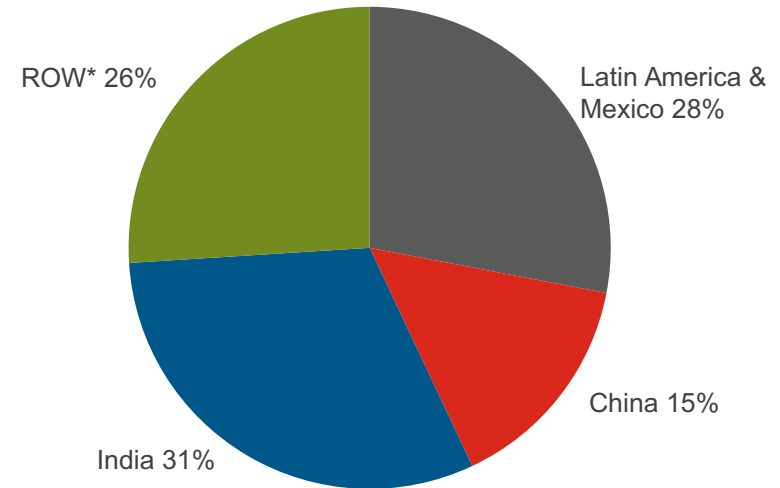
¹ 2015 EBITDA excludes \$23 million of restructuring actions and other charges. Q4'17 EBITDA excludes \$4 million of tax charges related to the Tax Cuts and Jobs Act.

Distribution Segment - Joint Venture Sales Unconsolidated

- From 2013 to 2016 we acquired the remaining equity in our North American distributors, driving a multi-year decline in joint venture sales.



Q2 2018 LTM Revenue



* Rest of World

Components Segment - Overview

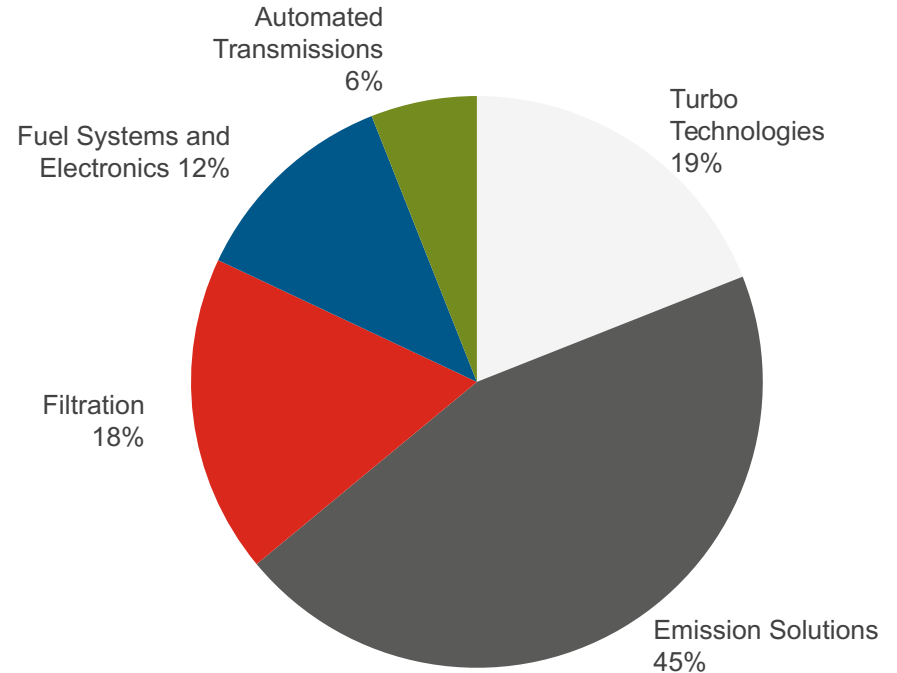
- Leading supplier of aftertreatment products for commercial vehicle applications
- Largest worldwide supplier of turbochargers from 3.8L to 25L for commercial applications
- World's leading supplier of filtration, coolant and chemical products

Q2 2018 LTM Results

Sales:	\$6.7 billion
EBITDA ¹ :	\$949 million
EBITDA%:	14.1%

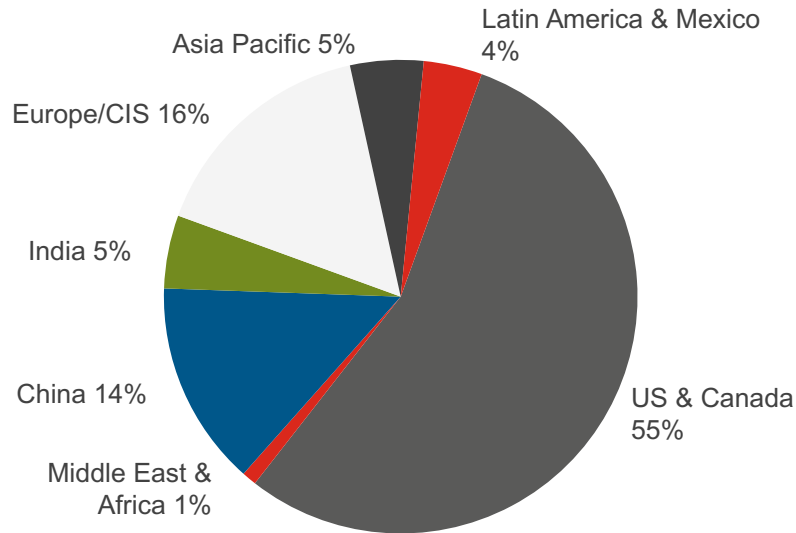
¹Q4'17 EBITDA excludes \$12 million of tax charges related to the Tax Cuts and Jobs Act.

Q2 2018 LTM Revenue by Business

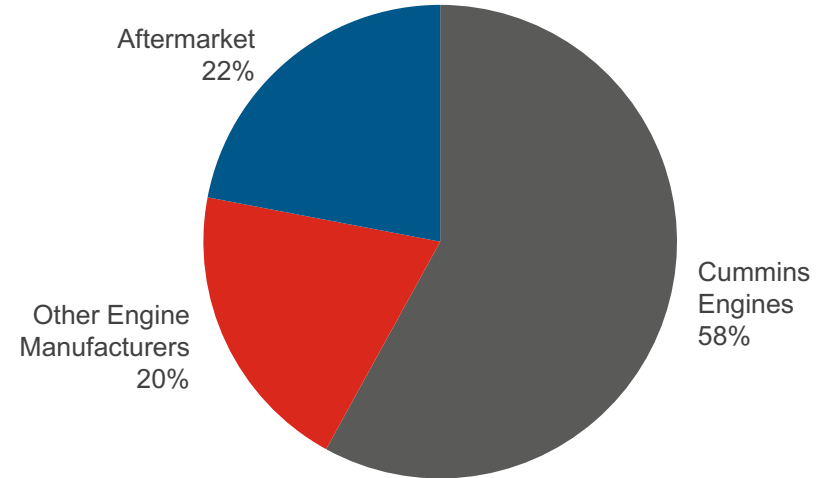


Components Segment - Sales Mix

By Region



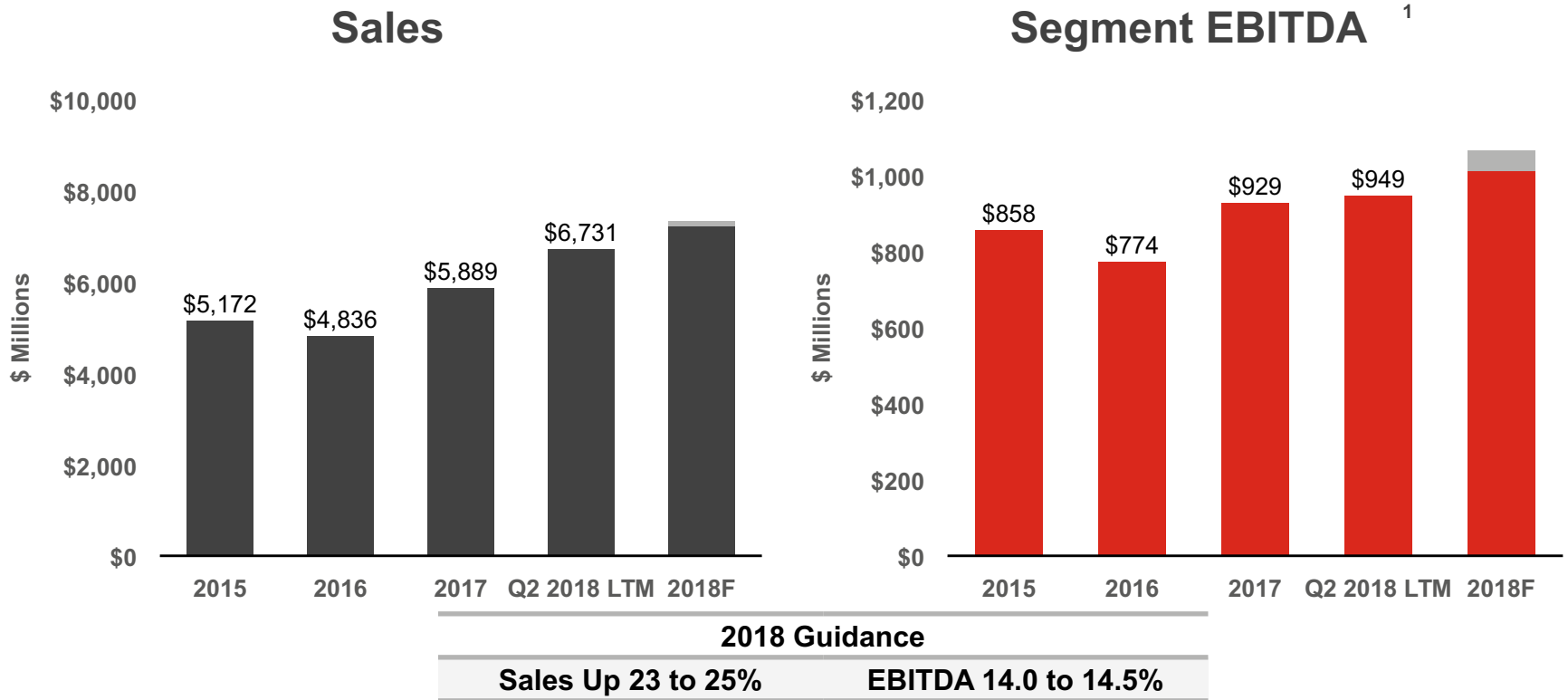
By Application



Q2 2018 LTM Revenue:

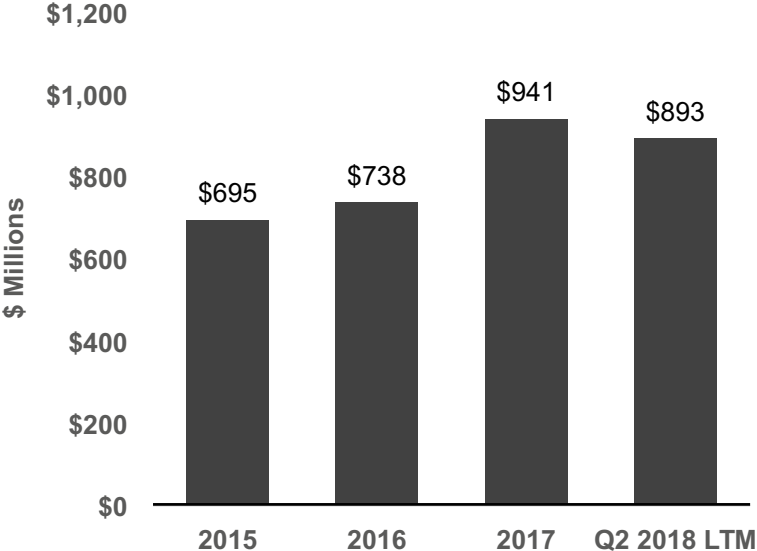
\$6.7 billion

Components Segment - Historical Performance

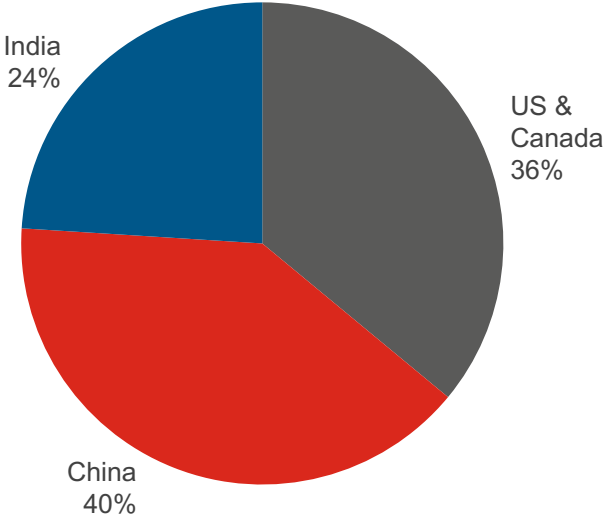


¹ 2015 EBITDA excludes \$9 million of impairment of light-duty diesel assets and \$13 million of restructuring actions and other charges. Q4'17 EBITDA excludes \$12 million of tax charges related to the Tax Cuts and Jobs Act.

Components Segment - Joint Venture Sales Unconsolidated



Q2 2018 LTM Revenue



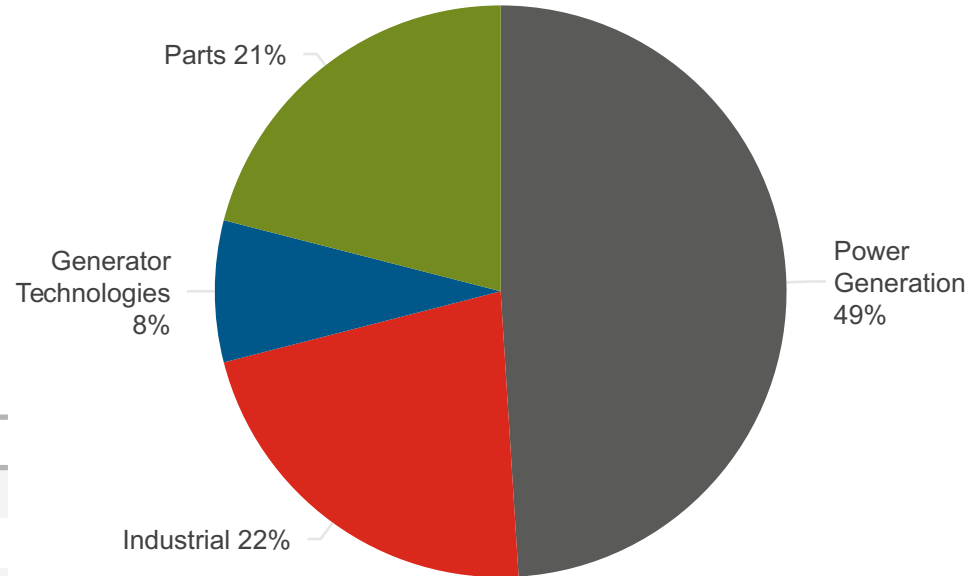
Power Systems Segment - Overview

- Global provider of power generation systems, components and services from 2kW to 3.5 Megawatts (MW)
- Leading supplier of alternators from 3kVA to 12,000kVa
- Leading market share in multiple geographies

Q2 2018 LTM Results

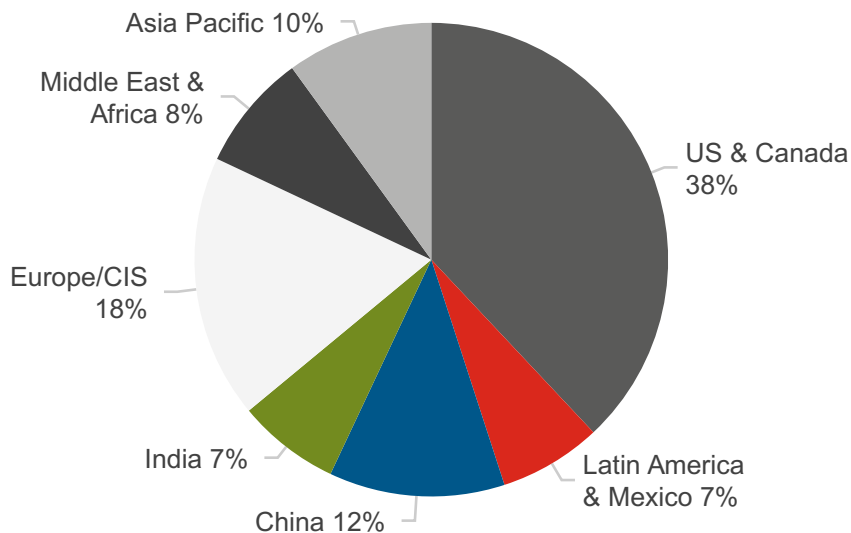
Sales:	\$4.5 billion
EBITDA:	\$564 million
EBITDA%:	12.6%

Q2 2018 LTM Revenue by Product

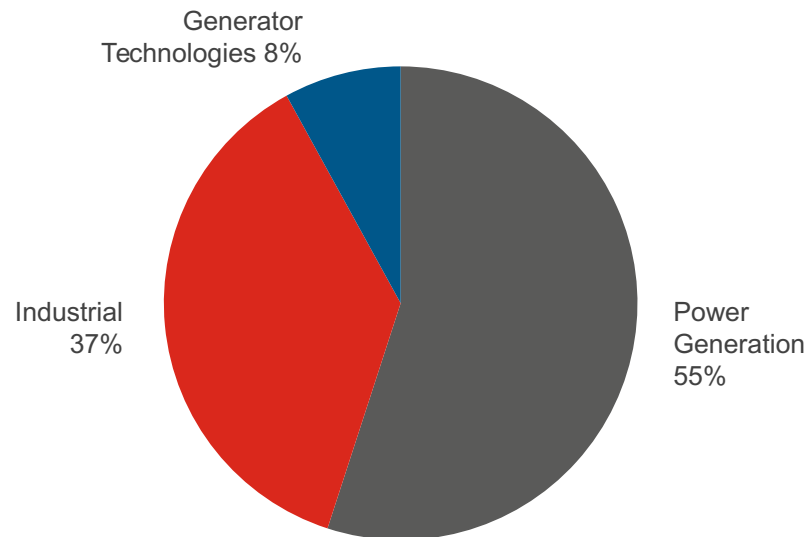


Power Systems Segment - Sales Mix

By Region



By Product Line

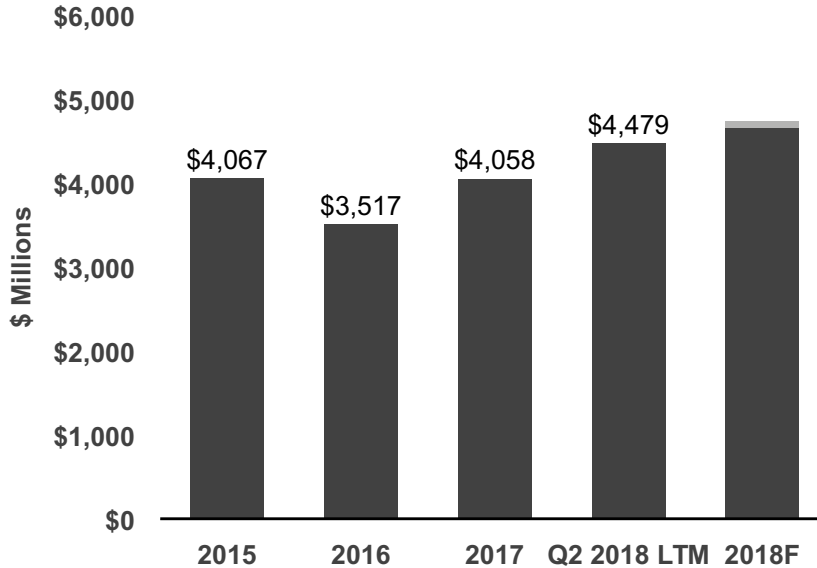


Q2 2018 LTM Revenue:

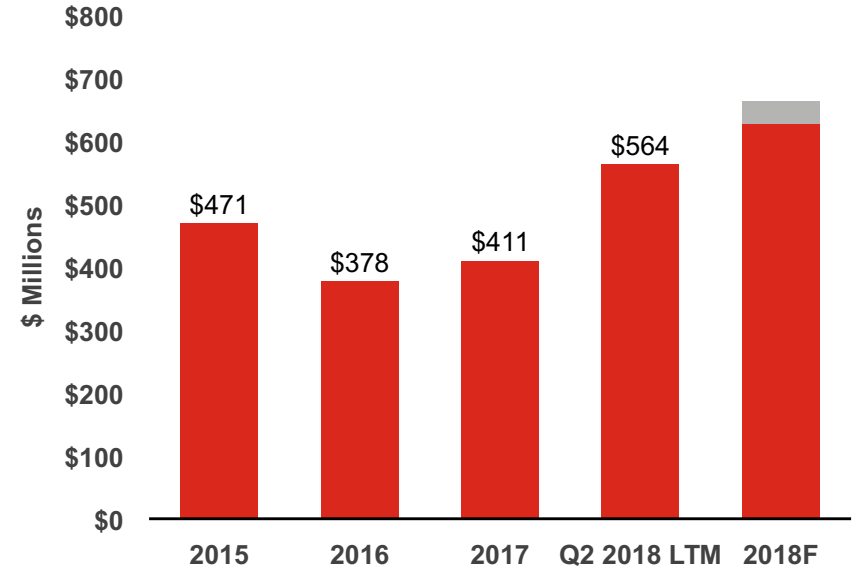
\$4.5 billion

Power Systems Segment - Historical Performance

Sales



Segment EBITDA¹



2018 Guidance

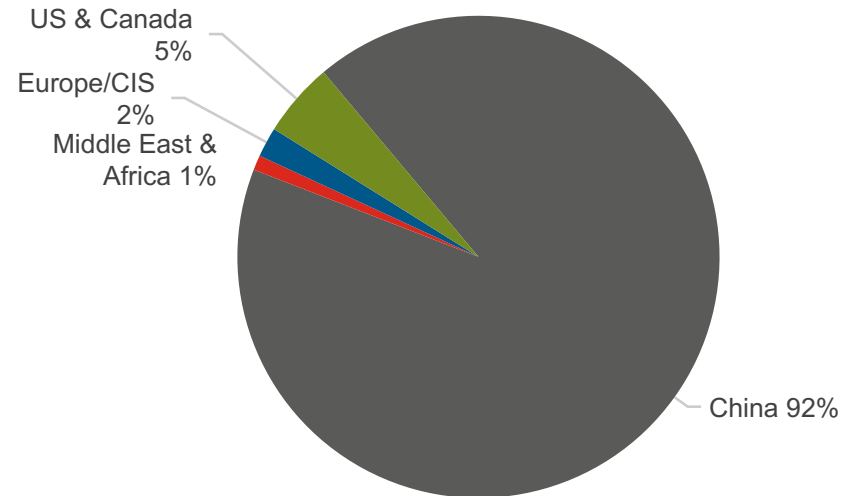
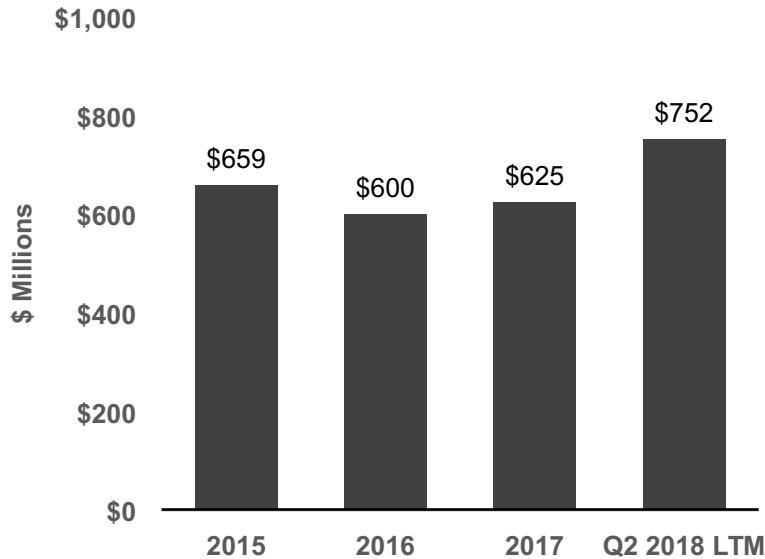
Sales Up 15 to 17%

EBITDA 13.5 to 14.0%

¹ 2015 EBITDA excludes \$26 million of restructuring actions and other charges.

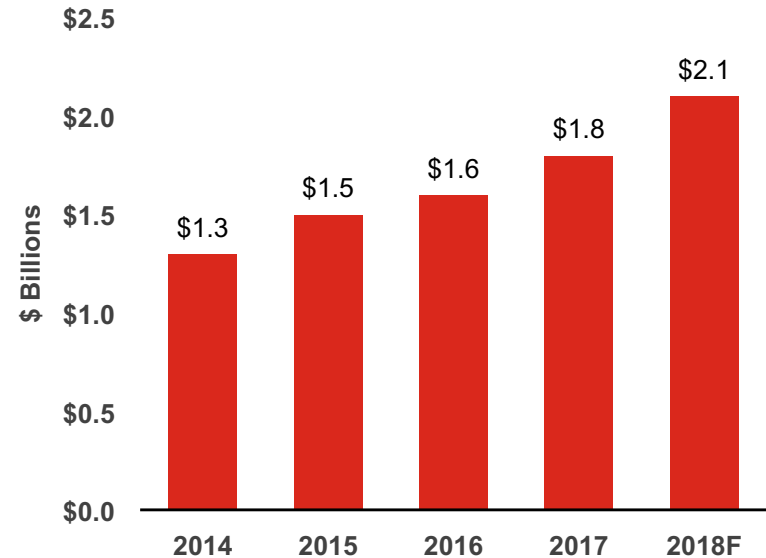
Power Systems Segment - Joint Venture Sales Unconsolidated

Q2 2018 LTM Revenue



Emerging Market Sales - India¹

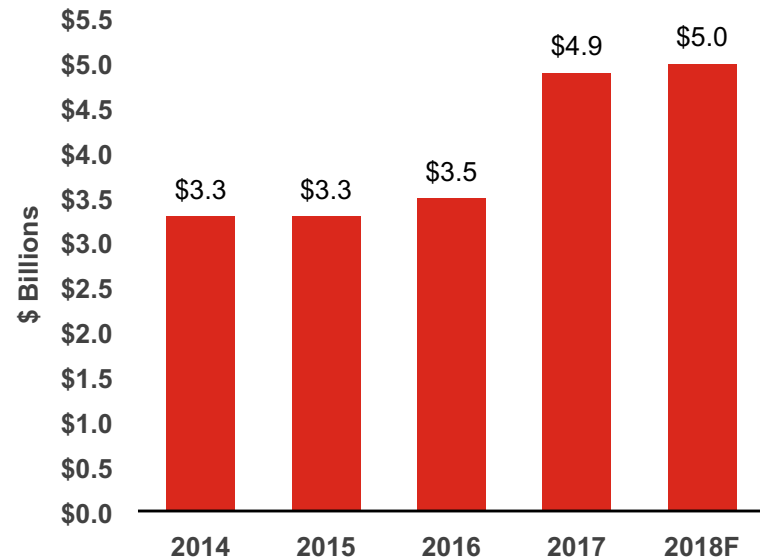
- Present in India for over 50 years
- Market leadership
- Strong OEM relationships
- Expanding our markets



¹ Domestic consolidated + unconsolidated revenue before intercompany eliminations.

Emerging Market Sales - China¹

- Present in China for over 40 years
- Broad product portfolio for On- and Off-Highway
- Strong OEM partners
- Growth from new products and tightening emission standards



¹ Domestic consolidated + unconsolidated revenue before intercompany eliminations

Non-GAAP Reconciliation - EBITDA

In Millions	Three Months Ended	
	July 1, 2018	July 2, 2017
Net income attributable to Cummins Inc.	\$ 545	\$ 424
Net income attributable to noncontrolling interests	9	17
Consolidated net income	554	441
Income tax expense	161	158
Income before taxes	715	599
Depreciation and amortization	154	144
Interest expense	28	21
Total EBITDA	897	764
Less: Non-segment EBITDA	(12)	(4)
Segment EBITDA	\$ 909	\$ 768

We define EBITDA as earnings before interest expense, provision for income taxes, depreciation & amortization, and non-controlling interests in earnings of consolidated subsidiaries. As of January 1, 2018, we use EBITDA to assess and measure the performance of our operating segments and also as a component in measuring our variable compensation program. The table above reconciles EBITDA, a non-GAAP financial measure, to our consolidated earnings before income taxes and non-controlling interests, for each of the applicable periods. We believe EBITDA is a useful measure of our operating performance for the periods presented as it illustrates our operating performance without regard for financing methods, capital structure, income taxes, or depreciation & amortization methods. This measure is not in accordance with, or an alternative for, accounting principles generally accepted in the United States of America (GAAP) and may not be consistent with measures used by other companies. It should be considered supplemental data.

Non-GAAP Reconciliation - EBITDA (LTM)

In Millions	Twelve Months Ended	
	July 1, 2018	July 2, 2017
Net income attributable to Cummins Inc.	\$ 1,049	\$ 1,487
Net income attributable to noncontrolling interests	(22)	55
Consolidated net income	1,027	1,542
Income tax expense	1,429	495
Income before taxes	2,456	2,037
Interest expense	94	73
EBIT	2,550	2,110
Tax reform impact	39	
EBIT excluding tax reform impact	2,589	2,110
Depreciation and amortization	604	552
Total EBITDA excluding tax reform impact	3,193	2,662
Less: Non-segment EBITDA	(22)	5
Total Segment EBITDA excluding tax reform impact	\$ 3,215	\$ 2,657

We define EBITDA as earnings before interest expense, provision for income taxes, depreciation & amortization, and non-controlling interests in earnings of consolidated subsidiaries. As of January 1, 2018, we use EBITDA to assess and measure the performance of our operating segments and also as a component in measuring our variable compensation program. The table above reconciles EBITDA, a non-GAAP financial measure, to our consolidated earnings before income taxes and non-controlling interests, for each of the applicable periods. We believe EBITDA is a useful measure of our operating performance for the periods presented as it illustrates our operating performance without regard for financing methods, capital structure, income taxes, or depreciation & amortization methods. This measure is not in accordance with, or an alternative for, accounting principles generally accepted in the United States of America (GAAP) and may not be consistent with measures used by other companies. It should be considered supplemental data.

Non-GAAP Reconciliation - Working Capital

In Millions		
	July 1, 2018	July 2, 2017
Accounts and notes receivable, net	\$ 4,095	\$ 3,553
Inventories	3,559	2,982
Accounts Payable - (principally trade)	(2,981)	(2,300)
Working capital measure	<u>\$ 4,673</u>	<u>\$ 4,235</u>
Annualized Working capital measure (% of Net Sales)	19.1%	20.8%

A reconciliation of the calculation of working capital measure as a % of annualized net sales to our Condensed Consolidated Financial Statements is shown in the table above.

Non-GAAP Reconciliation - Net Assets

In Millions			
	July 1, 2018	July 2, 2017	July 3, 2016
Total Assets	\$ 18,915	\$ 16,260	\$ 15,020
Less: Deferred debt costs	2	2	2
Less: Deferred tax assets	330	402	441
Less: Pension and other postretirement benefit adjustments excluded from net assets	155	(134)	(176)
Less: Liabilities deducted in arriving at net assets	7,747	6,748	5,991
Net assets for operating segments	\$ 10,681	\$ 9,242	\$ 8,762

A reconciliation of net assets for operating segments to total assets in our Condensed Consolidated Financial Statements is shown in the table above.

Non-GAAP Reconciliation - Invested Capital Used for Return on Invested Capital Calculation

In Millions

	July 1, 2018	July 2, 2017	July 3, 2016
Total Equity	\$ 8,194	\$ 7,822	\$ 7,195
Less: Defined benefit postretirement plans	(668)	(649)	(636)
Equity including tax reform impact	8,862	8,471	7,831
Tax reform impact	851		
Equity used for return on invested capital calculation	9,713	8,471	7,831
Loans payable	55	54	19
Commercial paper	802	134	200
Current maturities of long-term debt	49	45	38
Long-term debt	1,556	1,564	1,614
Invested capital used for return on invested capital calculation	\$ 12,175	\$ 10,268	\$ 9,702

A reconciliation of invested capital used for return on invested capital calculation to total equity in our Consolidated Financial Statements is shown in the table above.

Non-GAAP Reconciliation - Net Operating Profit After Taxes Used for Return on Invested Capital Calculation

In Millions	Twelve Months Ended	
	July 1, 2018	July 2, 2017
Net income attributable to Cummins Inc.	\$ 1,049	\$ 1,487
Net income attributable to noncontrolling interests	(22)	55
Consolidated net income	1,027	1,542
Income tax expense	1,429	495
Income before taxes	2,456	2,037
Interest expense	94	73
EBIT	2,550	2,110
Tax reform impact	851	
Less: Income tax expense	1,429	495
Net operating profit after taxes used for return on invested capital calculation	\$ 1,972	\$ 1,615

A reconciliation of net operating profit after taxes used for return on invested capital calculation to net income attributable to Cummins Inc. in our Consolidated Financial Statements is shown in the table above.



Thank you for your interest

For additional information: James Hopkins – Investor Relations Executive Director
(812) 377-3121 | James.Hopkins@cummins.com
www.cummins.com